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Text:

UNCLAS ABU DHABI 03386

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ACTION: ECON  
INFO: AMB DCM POL FCS P/M

DISSEMINATION: ECON  
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FM AMEMBASSY ABU DHABI  
TO RUEHC/SECSTATE WASHDC 6094  
INFO RUEHDE/AMCONSUL DUBAI 4360  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
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SIPDIS

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SUBJECT: UAE HESITANT TO ENTER INTO GCC/UE FTA

¶1. (SBU) Summary: Gulf News reported recently that a GCC/EU free trade accord would likely be signed within the next few months. Officials from the UAE Ministry of Economy and Commerce are not enthusiastic about the potential FTA, and are skeptical that it will come to fruition in the near future. End summary.

¶2. (U) A 13 September Gulf News article reported that the GCC and the EU recently accelerated their efforts to conclude negotiations and were working to remove the final hurdles to signing an FTA. The article stated that Saudi Arabia decided to remove double pricing on gas, and in return the GCC will ask the EU to lift taxes on petrochemicals and aluminum products. Anonymous GCC sources stated in the article that if the EU agrees to lift the taxes, the FTA might be signed in the coming months.

¶3. (SBU) UAE officials are not optimistic about the potential for an FTA and do not believe that it will be enacted before the end of the year. In a recent meeting with the Ministry of Economy and Commerce, a Ministry official noted that a GCC/EU FTA would be very difficult to enact, particularly because the UAE is not ready to open some sectors that Saudi Arabia has already opened. He noted that Saudi Arabia and other GCC countries are in agreement regarding WTO provisions relating to goods, but that Saudi Arabia is more forward leaning than the UAE and other GCC countries regarding policies relating to services. In a separate meeting with another Ministry official, the official noted that the problem areas

regarding the FTA are due to the GCC countries being unable to agree to equally liberalize certain sectors, particularly insurance and investment.

14. (SBU) During a meeting this summer in Riyadh to discuss the negotiations, the UAE advocated moving slowly and waiting for the EU to offer concessions that would advance negotiations.

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